CHAPTER 9

Conspicuous Silences: State and Class in Structuralist and Neostructuralist Thought[1]

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More than a decade of successful social resistance and a series of financial and economic crises (that started in the mid-1990s in the periphery and finished with the 2008 'credit crunch' in USA and Europe) have severely damaged the prestige of neoclassical economics and its political proposals in the global South. As a result, many critical responses to the neoliberal prescription for limited state intervention have emerged. In this competition for the hearts and minds of economists in Latin America, the neostructuralist tradition – an updated version of the structuralist thought put forward by the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC) in the 1940s and 1950s – has emerged to the fore. Neostructuralism owes its prominence to the long term intellectual influence of ECLAC in the region, which is evident in the widespread current use of some of their earliest ideas such as the terms 'centre' and 'periphery' and the strong association of development with industrialisation. Furthermore, the originality and the autochthonous character of this Latin American school of economic thought have also granted them some esteem in the subcontinent and beyond.

The purpose of this chapter is to unveil the hidden class politics of structuralism and neostructuralism. It argues that while neostructuralism is currently presented as the main challenger to neoliberalism, like its predecessor, it rests on similar neoclassical intellectual foundations that present a binary conception of state and market, representing the state as an institution that serves the 'general interest' of the population at large. It further argues that the undertheorisation of the capitalist state and accumulation within the structuralist and neostructuralist schools of thought results from systematic choices, rather than merely the unconscious underdevelopment of these concepts within the theoretical framework. Lacunae in these two cornerstone areas constitute 'conspicuous silences' which obscure the contradictions of the process of capital accumulation and the class nature of the capitalist state.

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The first section of the chapter summarises structuralist proposals, identifying their main contributions and contextualising the criticism that follows. The second section establishes that ECLAC's structuralism is underpinned by an (implicit) instrumentalist conception of the state. The third section compares neostructuralism to structuralism, arguing that they put forward a similar concept of the 'strong state', which reinforces rather than criticises the neoliberal view. The fourth section deals with the assessment of the structuralists' (more explicit) theorising of capital accumulation, which can be traced to the school's model of development. Finally, the last section deals with neostructuralists renewal of the idea of capital accumulation under the concept of 'productive transformations with equity'.

Key Tenets of Structuralism

Most Latin American countries, alongside many other regions of the Global South, went through a transition from primary export-led growth to import-substituting industrialisation (ISI) in the aftermath of the First World War that lasted until the late-1970s. Just as it is commonplace to note the correspondence between the rise of Keynesianism and the crisis of the 1930s, we can equally correlate the emergence of the first original contribution to political economy from Latin America to the dynamics of industrialisation during these years.

Structuralism (also known as *cepalismo* after CEPAL, the Spanish acronym for the *Comisión Económica para América Latina y el Caribe* [Economic Commission for Latin America and the Caribbean, ECLAC]) provided the theoretical framework necessary to bolster a development strategy that sought to replace imports with the production of value added goods domestically, which would entail a long-term widening and horizontal integration of the manufacturing industry.[2] Their 'manifesto'[3] proposed an innovative view attributing the on going changes to a response to the new international situation, in sharp contrast with the dominant neoclassical interpretation that assumed there were no alternatives to primary export-led development, and understood the moment as a long catastrophic conjuncture for economic growth.[4]

2 Saad-Filho 2005.

3 Prebisch 1949.

4 Neoclassical discourse insisted on relying blindly on the benefits of comparative advantages (this in sharp contrast with their current discourse of relying blindly on the benefits of comparative advantages); in practice, this meant a policy orientation toward the further development of agriculture, combined with birth control measures (Dosman 2001). Furthermore,

Structuralist's interpreted this as a positive transition towards internally oriented urban-industrial development (*desarrollo hacia adentro*) and took the opportunity to criticise the limits and social drawbacks of export-led development (*desarrollo hacia afuera*). Their proposal was to further support the transformation of the state and economy in order to overcome backwardness and income inequalities by sponsoring a project of industrialisation.

But if this was the context that these theories originally attempted to explain, their enduring influence goes well beyond these initial parameters. Structuralism can be characterised by three central ideas and policy prescriptions. First, they introduced the idea of dualism, which posits that the world can be divided into a 'centre' and 'periphery'. As Saad-Filho notes, the fact that these terms require no explanation is a clear gauge of structuralism's widespread influence.[5] Second, structuralists theorised the deterioration of terms of trade for Latin American (or more broadly primary exporter) countries. Third, structuralists developed a framework to advance late-industrialisation in order to overcome underdevelopment.

Dualism is at the core of structuralism on two different scales. At one level, structuralists argue that the centre and periphery have different production structures arising from a certain historically constructed international division of labour. The periphery has 'another economy', in the sense that is supposedly governed by a different set of rules.[6] At the same time, the productive structure of the centre is assumed to be homogeneous, whereas the periphery suffers from structural heterogeneity; that is to say, dualism on an international scale is replicated *within* the peripheral countries. Structural heterogeneity is defined mainly in terms of productivity: homogeneous countries have highly productive sectors all across the economy, whereas in peripheral countries a 'modern pole' coexists alongside 'primitive sectors whose productivity and income per capita are probably comparable to those that prevailed in the colonial economy or even in the pre-Columbian era'.[7] High productivity is usually restricted to a small enclave dedicated to primary exports, generally owned by foreign capital, and to a large extent isolated from the rest of the economy. Thus, there are few potential spillovers from 'progress' within the

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Latin American countries were sometimes expecting international trade to return to 'normality', i.e. *belle époque* levels, and even made numerous attempts to return to the gold standard (for instance Argentina suspended it 'for 20 days' in 1914, and went on extending this temporary measure until 1943).

5 Saad-Filho 2005.

6 Love 1984.

7 Pinto 1970.

'modern pole' – for instance, profits are expatriated via imported luxury goods or remittances. Structuralist ontology thus begins by dividing the world system into centre and periphery, and then further applies this dualism to the internal dimensions of peripheral countries.

Dualism on a world-scale gives rise to another distinctive feature of structuralism: against the neoclassical narrative of comparative advantage, structuralism has advanced the hypothesis of the deterioration of the periphery's terms of trade (the Prebisch/Singer hypothesis).[8] Defined as the ratio between the unit prices of exports and imports, the terms of trade decline when the relative price of the country's imports increases. Besides highlighting the obvious pressures that this situation places on the current account (exacerbating a trade deficit), structuralists also attempted to verify the empirical validity of the hypothesis that relative prices have been constantly moving against primary production since 1870. It is regrettable that relative prices do not reflect quality changes of the final products'.[9] Furthermore, structuralists offered two alternative sets of explanation for this phenomenon, from both supply and demand sides respectively.[10] In the former, a situation characterised by high rates of long-term rural (and urban) unemployment in which many producers subsist on small scale food production, exerts a pressure on wages that ultimately prevents redistribution of productivity improvements in the peripheral modern sector and thus unit costs fall, allowing a transfer of productivity gains to the buyers, i.e. to the centre. From the demand side the story is better known: a disparity in income elasticities of imports in centre and peripheral economies favours the increase in prices of products produced by the centre. As the periphery exports food and other primary products while importing luxury goods, any rise in the income of the periphery leads to an increase of the demand of imported goods and a further deepening of its imbalances. At the same time, the centre improves its balance of payments, even as its income rises.

Having identified the key structural constraints to development in the periphery, structuralists then advance a series of policy prescriptions to overcome these constraints. Structuralists envisioned industrialisation as the process that would allow peripheral countries to escape the traps of underdevelopment. Domestic production of manufactured goods would counteract the tendency towards declining terms of trade and contribute to rapid productivity growth. At the same time, industrialisation would raise wages and liv-

8 Named after Prebisch 1949 and Singer 1950.

9 Pinto 1970, p. 97.

10 Saad-Filho 2005.

ing standards, and more broadly propel a movement towards 'modernisation' (through the introduction of new technologies, as well as urban/democratic values). Structuralists identified ISI as the only possible strategy of industrialisation in a peripheral country, in a context of highly protectionist centre economies and the difficulties of competition. Since these international constraints place serious limits on 'spontaneous' industrialisation in the periphery, the only way to overcome them was to offer state support to infant industries. They strongly advocated that the state should coordinate investment decisions (e.g. force the transfer of surplus from the primary sector to manufacturing), create the needed infrastructure, provide soft credits and subsidies to domestic firms, and attract foreign capital and technology.[11]

As with any other major school of economic thought, substantial critiques have been formulated. Neoclassical economists have usually assimilated structuralism to ISI and blamed the failures of the latter on the theoretical weaknesses of the former.[12] Rent seeking behaviour due to blanket protection, small market size, and misallocation of resources are frequently cited as negative by-products of policies inspired by structuralism. ECLAC addressed some of these criticisms by putting forward *ad-hoc* proposals, such as the proposal to create a common market of the world's periphery.

Regarding terms of trade, Viner advanced another strand of critique against structuralism.[13] Viner argued that because of an economic law – ignored by structuralists – that technology would advance most rapidly in the manufacturing sector relative to agriculture, terms of trade should, *pace* the structuralists, actually favour agriculture in the long-term. Viner's line of argument would later be quite closely replicated by Baumol, regarding the relative prices of manufacturing and services, a process that came to be known as Baumol's disease.[14] The reformulation of international trade theory spawned a large number of debates, both empirical/statistical (such as the choice of base years, countries of reference, and other subtle issues of the data) and theoretical.[15] Criticism of structuralism stemming from Marxism and dependency theory, on the other hand, often pointed out the ambiguities in the structuralist definition of 'sector' (primary vs. manufacturing), the obscure account of labour differences, and the dependent nature of the local bourgeoisie.[16] Despite this

11 Hirschman 1968.
12 Bruton 1998.
13 Viner 1951.
14 Baumol 1969.
15 Viner 1951; Spraos 1980.
16 Cardoso y Faletto 1969; Saad-Filho 2005.

wide range of criticism, a detailed analysis of the theory of the state within structuralist thought has received surprisingly little attention.

The Role of the State in Structuralist Thought

No matter how brief our previous review of the main insights and presumptions of structuralism might look, it suffices to point out the emphasis this school has given to the role of the state in overcoming underdevelopment. Several analysts have also pointed to the supposed originality of structuralist thinking about the relationship between state and market.[17] It must be stressed, however, that while structuralists never presented a coherent theory of the state, there are two ways in which their insights on the state may be gleaned from their analyses: from their polemics against neoclassical conceptions on this issue, and from random and sporadic remarks on various policy areas.

The structuralist argument against the liberal prescription of minimising state functions is in line with other heterodox (non-Marxist) currents. Advocacy for a 'bigger' and 'stronger' state is seen as a crusade against the non-interventionist agenda of neoclassical economists. Prebisch lists the functions that the state should handle better than the market (for instance, solutions to 'market failures'), while always being careful to state that it is necessary to keep an eye on building technocratic knowledge to prevent state hypertrophy and guarantee efficiency.[18] The advocacy of state intervention to correct market-failures certainly sets the structuralists apart from mainstream neoclassical economists, who are reluctant to recognise their very existence, or, if they do, incorporate them into their analyses in a highly *ad hoc* fashion. However, it is important not to overstate these differences, since both neoclassical economics and structuralism are built on a large number of shared assumptions. First, they agree on a list of common areas of state intervention: they affirm that the state should defend property rights and provide basic infrastructure (different types of 'public goods'), maintain macroeconomic stability, and several market institutions, including, for example, currency. Second, it is no longer true that recognition of market-failures is a monopoly of 'heterodox' economists. Rather as Wade has noted, debates between neoclassical economists and heterodox economists turn on the types of remedies put forward to 'fix' market-failure: neoclassical theorists stick to 'horizontal' measures, such as enforcing intellectual property rights, investing in 'human capital', or facilitating access to

17 Dosman 2001, p. 89.

18 Prebisch 1981; on a similar line see the neo-Listians Evans and Wolfson 1996.

credits or other financial assets; structuralists and other heterodox economists, on the other hand, agree with some of these proposed remedies, but also endorse vertical or sectoral measures, such as industrial policies, protectionism, or income distribution.[19]

Structuralists put forward the key concept of a 'hard' state that leads industrialisation or systemic competitiveness. The 'regulatory capacity' of the state should be strengthened to let it become the 'stimulus' of industrialisation.[20] State regulation can be more effective or rational than market distribution of productive resources because the market reproduces inequalities in initial assets, lacks a 'social horizon' and is short-term in orientation, and thus unable to plan long-term investments or pay attention to ecological damage.[21] The 'economic efficiency' of the market is to be contrasted with a different product to be achieved through state intervention, that of 'social efficiency'. However, at the same time, structuralists warn that the state should let the economy be driven ultimately by the private sector.[22] This rhetorical idea of equilibrium between state and market is captured by Prebisch's term '*Estado sagaz*' ('shrewd State'): a state that should not 'suffocate private initiative and entrepreneurship, which inevitably require the incentive of profit'[23] and should not protect inefficient industries only because they are national. The state should avoid becoming hypertrophied by following the logic of bureaucratic and/or military power.[24] In sum, a 'shrewd State' is the administratively coherent entity that overcomes both market and state failures.

While the structuralists managed to overcome the neoclassical conception of a zero-sum relationship between state and market, their conception of the state-market relationship is equally dichotomous, in another respect. The market is presented as the place of unconstrained private free trade between individuals, underestimating or denying the role of primitive accumulation and the state in its production and reproduction. Correspondingly, the latter (state or institutions) are framed as completely free of constraints from social relationships or the sole product of will or social contract. In the structuralist world, however, the growth of the market is not accomplished at the expense of the state, or vice versa. For instance, structuralists call for an explicit set of policies that will nurture the private sector, increase market size, and strengthen the

19 Wade 2003, pp. 11–3.
20 Gurrieri 1983.
21 Prebisch 1981, pp. 16–7.
22 Dosman 2001.
23 Dosman 2001, p. 93.
24 Prebisch 1981, p. 42.

state (for example, in the 1960s, *cepalistas* advocated for a common market for the periphery in order to overcome market size constraints).[25] The particular conceptualisation within structuralism of this pair of concepts – the state and the market – is therefore an original contribution and valid criticism of the neoclassical view. Yet while structuralists (correctly) criticise neoclassical economics for failing to understand market failures, they commit an error on the other side of the spectrum in their idealisation of an almighty state, a 'visible hand' that is always capable of achieving equilibrium. That is to say, the inefficiencies of the market, for structuralists, can always be overcome with correct state intervention.

Digging further into the logic of the structuralist view of state-market relations, one finds that it systematically gives precedence to the state, or institutional power, over that of the market. The state is always assumed to be more powerful than market forces. The explanation of inflation is one example: the structuralist account conceives of inflation as a consequence of state redistributive activity: a profit-squeeze results from taxes placed on wages or profits, which raises the cost of production, which in turn, puts upward pressure on prices.[26] Moreover, the supremacy of the state is extended to many other institutions. This is at the core of the causal explanation of the deterioration of the terms of trade. For structuralists, trade union pressures in industrialised countries create a price distortion mechanism. This dynamic, together with the oligopolistic protection of the rate of profit, prevents a decline of manufactured products' price proportional to the constant rises in their productivity. Cardoso's correct inference of this statement, namely that in ECLAC's view agents of production 'manage, by virtue of their *politico-organisational* strength, to obstruct the operation of the [international] market', let us further ascertain the causal hierarchy behind their reasoning.[27] In sum, at the core of structuralist thought, institutions are conceived in a normative fashion as separate from (and above) social relationships of production and exchange.

Furthermore, alongside this positioning of the state above market forces, structuralism repeatedly highlights the need to constrain state dynamics in order to avoid hypertrophy. Structuralists only offer scarce or puerile remarks, however, as to which social subjects are capable of disciplining the state.[28]

25 Cardoso 1977.

26 CEPAL 1969; Prebisch 1981.

27 Cardoso 1977, p. 13.

28 This is one of the most important differences with dependency theorists who did have discussions about which political subject was potentially capable of leading transformations of the state.

Trade unions and the middle classes are responsible for overburdening the state with spurious jobs or services, bureaucratic and military power have their own interests 'within the state', and elites are also self-interested in other ways.[29] Thus, '[i]ndividual decisions in the market must be combined with collective decisions outside the market that override the interest of dominant groups. But in all this a great vision is needed, a transforming vision [. . .] inspired in ethical designs of the long term where economical, social and political considerations are conjugated'.[30]

Strangely, despite the litany of statements stressing the centrality of dualism in ECLAC's tradition, the concept of dualism is not applied to the state. Dualism is a feature of the productive structure and (exploitative) market relationships that has no impact over the state. Again, the state is above (or outside) the social structure, in this case outside the 'centre–periphery system', and thus there are no references to any thinking in terms of peripheral (and central) states. Rodríguez's considerations of the 'geopolitical aspects of the state' under globalisation are restricted to the rather obvious verification of the existence of 'foreign interests' within Latin American countries.[31] Nor is the sovereignty of the peripheral state interrogated. This is evident, for example, when structuralist thinkers offer 'prescriptions' for better capital accumulation. In an argument representative of broad trends in structuralism, Prebisch states that foreign investment should be 'well-directed', and that it should be constrained by the state in order to best transfer technology and know-how.[32] Thus, the disciplining of foreign capital by a (peripheral) state raises no problems in this structure; where (imperialist) relationships of expropriation and/or exploitation take place in the market.[33] Structuralists state that 'decision-making' should be moved to the periphery, but they do not provide insight as to how this might occur in practice. How is decision-making power to be 'moved' in that direction? Who is to be the subject of this transformation in power relations?

29 Prebisch 1981, pp. 16–8, 41, 42, 76.

30 Prebisch 1981, p. 38.

31 Rodriguez 2001.

32 Prebisch 1951.

33 Just to stress our point, we do not imply here that any type of disciplining is in every case impossible, but rather that it should be understood alongside the multiple social conditions that might make this possible. As Selwyn (2009) notes with reference to the Neo-Listian description of historical cases where state disciplining of capitalist power does seem to have happened, 'the question arises of why foreign capital allowed itself to be disciplined to such an unusual extent'.

Overall, the crude instrumentalist character of the underlying theory of the state in structuralism is undeniable. Instrumentalist theories of the state advocate for action based on moral or logical principles, assuming the universality of benefits.[34] As we have seen, the state is always placed above social relationships, in a mechanistic fashion, as if the state were an 'organ' whose direction can be determined by mere 'decision–making'. However, the assumption of state neutrality in social conflict is far from neutral.

The Rise of Neostructuralism and the 'Strong' (Neoliberal) State

The ascendance of neoliberalism in the 1980s and 1990s constituted a massive shock to the erstwhile hegemony enjoyed by structuralism within Latin American economic thought and policy.[35] The ultimate cause of structuralism's declining influence lay in their gargantuan failure to understand the new shape of international capitalism after the crisis of 1973. While structuralism emerged due to its appreciation of the 1930s, it faded away due to its inability to come to grips with the multiple transformations that marked the end of Golden Age capitalism, such as the changes in world financial and trade regimes. As the secretary general of ECLAC recalls: in the 1980s 'the institution was frankly on the defensive, both in terms of the collective imaginary as well as in the academic world'.[36]

A renewal of ECLAC's thought in the neoliberal era is usually said to have begun with the contributions of Fajnzylber.[37] He concluded that, on balance, Latin American ISI had been merely 'frivolous interventionism', drawing on the influential work of political economist Alice Amsden, who celebrated the developmental processes of the East Asian 'miracles' advancing a reading of these quite distinct from the neoliberal narration. The influence of other heterodox economists such as the neo-Listians (for instance, in their refutation of the World Bank's report of East Asian 'miracles' and the reassessment of industrial policies and their defence of national 'policy spaces' even under globalisation)[38] and neo-evolutionists (for the idea that economic growth should be understood mainly from studying firms behaviour, particularly their ability to compete in a Darwinian context by introducing technological inno-

34 Barrow 2007; Clarke 1991.

35 Webber 2010b.

36 Rosenthal, quoted by Leiva 2008a.

37 Fajnzylber 1983; 1990.

38 Such as Wade 2003; Evans 1995; Amsden 1989; Chang 1993.

vation and progress)[39] were also decisive in the formulation of neostructuralism in the following decades,[40] deepening the common features that were shared with List and were already implicit in structuralism.[41]

The areas of conceptual innovation of neostructuralism in the 1990s and 2000s were forged around systemic competitiveness, technical progress, proactive labour flexibility, and virtuous circles.[42] Neostructuralist thinkers also attempted to make globalisation politically and socioeconomically viable, stressing the benefits of globalisation, and seeking changes in the export profiles of Latin American countries.[43] Neostructuralism insisted on the importance of social compromises between classes, adding subjectivity, symbolic politics, and a cultural dimension to their policies.[44] Thus, we share Leiva's characterisation of neostructuralism as a current that gained ideological power in the late 1990s by proposing itself as an alternative to neoliberal reforms, while in fact it was inclined to deepen and extend them. Nowhere is this continuity more obvious than in the role of the state.

Neostructuralists display an astonishing continuity with neoliberals with regard to their understanding of the role of the state and their implicit conceptualisation of it. While the classical structuralists argued that the state was the crucial actor required to steer industrialisation, neostructuralists insist that the competitiveness of the entire social system depends on effective state intervention. Effective state intervention, in the neostructuralist view, generates political consensus, increases competitiveness of exports, and helps upgrading and adaptation of the labour force.[45]

Despite these important elements of difference, however, neostructuralists reproduce many of its predecessor's underlying conceptions, particularly in their definition of what constitutes a 'strong' versus a 'weak' state. Evans and Wolfson define the strength of the state based on its links to 'civil society' and its embeddedness in business networks.[46] The call of structuralists and neostructuralists to strengthen the state by tying it to a strong civil society-state alliance, presents what Leiva has named the 'heterodox paradox': the set of

39 Nelson and Winter 1983; Nelson 1998.

40 Bielschowsky 2010.

41 For a very insightful analysis of the neo-Listian conceptualisation of the state, which has many parallels with structuralism, see Selwyn 2009.

42 Leiva 2008a, pp. 3–6.

43 Leiva 2008b.

44 Bielschowsky 2010.

45 Leiva 2008b, p. 4.

46 Evans and Wolfson 1996.

economic and political policies that are supposedly aimed at expanding the role of participatory governance end up reinforcing the subordination of the political sphere to capital.[47] The issue is not so paradoxical, however, once we restore proper class terms to the distinction between weak and strong states. As Bonnet has argued, the strength or weakness of a state is not a function of the extent of intervention in the economy, nor its regulatory power; rather, from the viewpoint of class, the strength or weakness of a state is measured against its capacity to reproduce accumulation, that is, against the extent of its command over the working class.[48] The neoliberal state, in this sense, was a strong state, expressed not least in the increases to the power of the executive branch under neoliberalism. Structuralist and neostructuralist proposals generally end up 'in a constant fluid state, given that [they] must constantly negotiate to overcome the gaps between . . . rhetoric and socioeconomic reality'.[49] Indeed, if there is a 'paradox' inherent in neostructuralist analysis, the proposed state form is usually a *weaker* state insofar as it is constantly mediating between different interests instead of disciplining them.[50] The paradox arises as a result of their ultimate aim for a stronger state in terms of rule over the working class.

Industrialisation: Development and Capital Accumulation

As we have seen, industrialisation has been one of the central concerns of structuralism since the very beginning. Structuralism contends that the state should support 'deliberate', or forced industrialisation, either through facilitative policy making, or by becoming directly involved in production (the latter particularly where large amounts of investment are needed, such as infrastructure projects, and essential goods or services). In this section, we will unpack the arguments of structuralism regarding industrialisation, particularly its principal role in development as conceived by structuralists, before offering a sustained critique.

First of all, we should note the displacement introduced by industrialisation. In a similar vein to the decision of the Sixth Congress of the Communist International (Comintern) in 1928, to introduce industrialisation as a goal

47 Leiva 2008a, pp. 147–49.

48 Bonnet 2008.

49 Leiva 2008b, p. 18.

50 For a detailed description of the state form in the post-2011 era in Argentina see Bonnet and Piva 2011 and Leiva 2008a, Chapter 10 for the Chilean case.

against the 'feudal–imperialist alliance',[51] ECLAC substituted development with industrialisation, despite occasional remarks over the decades, warning that the two concepts not be misunderstood as synonymous.[52] Development as synonym for industrialisation was also inherited by dependency theory, despite the latter's sophistication in differentiating between development and growth (growth, for dependency theorists, should come with equality, social welfare, employment, and the national control of economic and political life in order for it to be reasonably called development).[53] If the main aim was industrialisation, then structuralists could call for the state to make the 'correct' intervention, whereas dependency theorists could say that only socialism would bring industrialisation to the periphery. Thus, the strong association of development with industrialisation was a widely shared ideal of the 'progressive' and 'left agenda'.

Structuralists argued that industrialisation through capitalist development was a major goal to be embraced universally because of the 'good' externalities it carried with it. The first argument has already been mentioned: producing manufactured goods would allow the periphery to escape the trap of declining terms of trade. Also, real wages would rise and thus income distribution would become more equitable, unemployment less acute, and other positive spill over effects would then take place. One of the latter would be the introduction of new technologies to agriculture, because the primary sector was identified with poor peasant production and an ossified, dormant oligarchy; agricultural products were assumed, furthermore, to have deteriorating relative prices, and little potential for productive growth. If this was the general (prejudiced) conceptualisation of agriculture, it must be said that ECLAC had no explicit argument against agricultural production per se. Even Prebisch argued, for example, that higher agricultural productivity was a useful tool for raising standards of living,[54] though it was not an instrument that would lead a nation-wide process of change as urban industry could. Another by-product of industrialisation, according to structuralist theory, would be the democratisation of society, with the growth of 'clear rules' for all, and a more Weberian, rational state.[55]

Another interesting confusion introduced by structuralism regards the defence of a nationalist or regionalist view of industrial development. In

51 Palma 1978, p. 897.
52 Lewis 1999.
53 Palma 1978, p. 908.
54 Cardoso 1977, p. 19.
55 Hirschman 1968.

their discourse of national economic independence and autonomy, in and through industrialisation, ISI was a strategy that fit perfectly with the international conditions of post-war capitalism. In other words, 'the struggle for industrialisation which was previously seen as an anti-imperialist struggle had increasingly become the *goal* of foreign capital'.[56] Thus, two important conclusions follow. First, the widely assumed anti-imperialist nature of ECLAC is not rooted in ISI *per se*, but most probably in US opposition to the institution itself, given US fears of ECLAC's promotion of state subsidies, and state-owned enterprises.[57] ISI was *a common goal* of national and international capitals to build protected plants under tariff-walls oriented towards domestic markets. Dependent development thus was not precluded by ISI. Second, ISI as a policy was not the result of ECLAC's policy proposals and the dissemination of its ideological perspective throughout the region nor the rational expression of a 'general interest' of capital, but rather 'the result of a particular resolution of the conflicts between particular capitals and of the contradiction between capital and the working class'.[58] This seems to be forgotten both by structuralists when assuming that ISI was the result of (surprisingly similar) sovereign decisions by different nations in the periphery and by the neoclassicals when they criticise ECLAC's emphasis on the importance of self-sufficiency.[59]

The structuralist school of thought exhibits a further crucial silence regarding industrialisation. Structuralists disregard the centrality of primitive accumulation when assuming, for instance, that labour can freely move from agriculture to manufacturing. This silence is a particularly delicate topic in the context of the contemporary developing world, along with the theoretical consequences it carries. First, since assuming that labour power *can* and *will* be transferred from rural agriculture to urban manufacturing also assumes that agricultural productivity is enough to sustain urban population. It similarly assumes the 'freedom' of direct producers, that is, that there are no restrictions regarding the mobility of labour power and that direct producers have been dispossessed of the means of production.[60] The single prescription of industrialisation for all states on the grounds that manufacturing could 'absorb

56 Palma 1978.

57 Webber 2010b, p. 213.

58 Clarke 1991, p. 186.

59 For instance analysing Argentina's ISI, Llach regrets Peronism's 'fatal option towards autarchy' Llach 2011, p. 96.

60 Brenner 1977, p. 34.

excess labour'[61] can better be thought, along with their perception of the Latin American reality of the 1950s and 1960s as 'structurally heterogeneous' as a battle cry promoting primitive accumulation.

In this regard, we should note a striking similarity between classical and structuralist economic thought. While the former denies dualism theoretically it has historically exercised it in practice, as Perelman has shown.[62] Classical economists, while theoretically teaching the self-correcting nature of capitalism without government intervention, advocated policies to coerce small peasants and force them into the factories. The contradiction of these thinkers with *laissez-faire* principles was not repeated in the case of structuralists, who took this 'dualism in practice' to the level of theory, thus fostering primitive accumulation both in principles and in policies.

Finally, in parallel with their tactical erasure of any explicit reference to processes of primitive accumulation, structuralists also view production as a neutral process, the gains of which can simply be distributed *post-facto*. Prebisch warned that the aim to use planning as a means of redistributing income should come *after* income has increased.[63] This contrasts dramatically with what we can ascertain of the realities of the capitalist labour process and how accumulation undermines distribution.[64]

Underneath the promises of widespread profit of the 'gains of productivity' stemming from industrialisation we can find structuralists' concerns about how to ensure a process of internal division of labour favourable to capital accumulation[65] or the proposals of a pattern of accumulation that would facilitate capital formation.[66] The ultimate aim of structuralism, of favouring and accelerating capital accumulation in the periphery (again a theme that resonates from classic economics) is present again in the idea of 'structural heterogeneity'. One of the key worries raised is that a country with heterogeneous levels of productivity has less capacity of capital accumulation.[67] In sum, as much as Smith prescribed measures to favour capital in order to speed growth, structuralists were driven by a similar concern, though applied to the particular conditions of the peripheral economy.

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61 Prebisch 1951; Ocampo 2001. The metaphor of 'absorption' is another sign of the extremely conservative concerns of Prebisch and his followers.

62 Perelman 2000.

63 Prebisch 1961.

64 See Braverman 1974.

65 Prebisch 1951.

66 Cardoso 1977, p. 27.

67 Pinto 1970.

'Productive Transformation with Equity' or Another Turn in the Screw of Neoliberalism

With the uprising of neostructuralism within the ECLA the idea of industrialisation gave way to the new core concept of 'productive transformation with equity'. More than concentrating on fostering the manufacturing sector, neostructuralists concluded (after the successful experiences of East Asia) that the main task was to choose a form of integration with the world market based on competitive advantages arising from industrial policies in the wide sense of the term (in other words, state support of export-oriented activities).[68] Economic development could be achieved by acquiring systemic competitiveness, a function of the physical infrastructure, human resources and a country's capacity to innovate.[69] Also, key to better competitiveness is improving productivity by means of 'genuine' productivity increases (enhancing technical processes) rather than spurious ones (reduction of wages, exchange rates advantages, exploitation of natural resources).[70]

Industrialisation, and especially ISI, has been removed from the current concerns of neostructuralism, besides remarks, such as assuming that the manufacturing sector is a privileged player in the arena of technical innovation. The current agenda is built on top of the neoliberal structural reforms, that is to say they propose how to move further from an unavoidable reality.[71] They will take for granted that development can only occur in a 'sane macroeconomic context', with an efficient state expenditure (under strict monetarist' fiscal discipline).[72] In this sense, neostructuralists become *complementary* to neoliberal structural transformations, by 'adding' equity at the microeconomic and 'meso-economic' levels, thus discarding any remains of the narratives of profound transformations as preconditions for development.[73] Let us just point out that the idea that you can 'correct' neoliberal reforms by 'adding' social concerns is consummately absurd.

The neostructuralist project is targeted towards fostering a successful microeconomic environment (capable of introducing innovations, building of know how) that will help peripheral countries 'enter globalisation'.[74] 'Convergence'

68 Kay 1998, p. 114.
69 Ocampo 1998.
70 Bielschowsky 2009, p. 179.
71 Leiva 2008a.
72 Ocampo 1998.
73 Sztulwark 2006, p. 73.
74 Bielschowsky 2010, p. 179.

of mean income levels will come once 'technical progress is introduced and disseminated in the productive structures of the region'.[75] Thus, what were silences in structuralism regarding the hidden processes of industrialisation became now a supposedly neutral discourse of 'technical progress'. Behind the introduction of technical transformations of the labour process there is a renewed attempt to subsume labour.[76] Frequently, this would mean in the context of the global south, to introduce techniques that were developed under different social relations, for instance, class struggle. In sum, neostructuralists call to make productive sectors 'internationally competitive' is simply a synonym of a call to introduce international market discipline in national contexts of accumulation.

Conclusions

Members of ECLAC have never been 'ivory tower' academics: they trained and indoctrinated middle-ranking personnel in central banks, development and finance ministries and university faculties.[77] They helped to legitimise the ideology of autonomous national development, providing research, analysis and a theoretical framework for pushing the model further.

By briefly summarising structuralism's main tenets we have shown how the state was at the core of their political proposals. Yet, we could identify an important silence regarding its theorising. In an attempt to explain this silence, structuralists or neostructuralists might say that *the state is the state*; there has never been a need to define or discuss its nature. Or, they might equally argue that the silence is only an oversight, one that further analysis within this framework should be able to overcome. For his part, Cardoso suggests that the question of expanding state participation was hidden in most texts 'for obvious reasons in the case of a UN agency often dependent upon somewhat unprogressive governments'.[78] On the contrary, this chapter has argued that the silence is not a 'gap' or a product of (self)censorship that can be corrected by simply extending ECLAC's theorising to include the state. Rather, the silence on the topic of the state is a structural silence, symptomatic of underlying implicit assumptions within structuralism regarding both the state and the market. First, we have shown that they have a dichotomous idea of state and market, as the one in

75 Bielschowsky 2010, p. 187.

76 Braverman 1974.

77 Faria 1978, p. 11.

78 Cardoso 1977, p. 27.

neoclassical economics but with opposite appraisements. Then, we have seen how structuralists place the state above everything, free of any constraints. The precedence of state power over any other social relationship goes as far as to ignore dualism, one of the key tenets of this tradition, failing to explore the differences between 'central' and 'peripheral' states. Overall, we have shown how structuralist thought on the state is a crude form of instrumentalism.

Then we have characterised the rise of neostructuralism as a continuity of neoliberal reforms under different premises. The demise of structuralism after changes in international political economy in the 1970s gave pace to a readjustment and adaptation of the tradition. Regarding the neostructuralist's thinking on the state they showed a continuity with structuralists instrumentalism and conspicuous silence. While they opposed neoclassicals on the issue of state intervention they were aiming for a common goal with them, a strong state.

Finally, we have turned towards structuralists and neostructuralists defense of capital accumulation. We have seen that behind structuralists proposals for rapid late industrialisation, there was the product of particular interests and a strong target of deepening primitive accumulation and speeding capital accumulation. Neostructuralists' shift towards increasing productivity and 'structural competitiveness', in turn, was shown to be an undisguised attempt to complement neoliberal reforms and further introduce international market discipline in the global South.

In the context of the current crisis, a thorough critique of structuralism and neostructuralism is a critical endeavour in so far as it is necessary to prevent their narratives of both the crisis and its possible exits from becoming the dominant narrative. This paper has shown that far beyond any kind of nostalgia for these lines of thought, a restatement of classist theorising is the only starting point to genuine working class alternatives to neoliberalism.